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Canada. Railways, Canals and
Telegraph Lines, Standing Committee, 1951

(SESSION 1951

(1st sess)

HOUSE OF COMMONS

Government
Publications

STANDING COMMITTEE

ON

RAILWAYS, CANALS AND
TELEGRAPH LINES

CHAIRMAN—MR. L. O. BREITHAUPT

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 4

BILL No. 115 (Letter M-1 of the Senate);
An Act to Incorporate Trans Mountain Oil Pipe Line Company

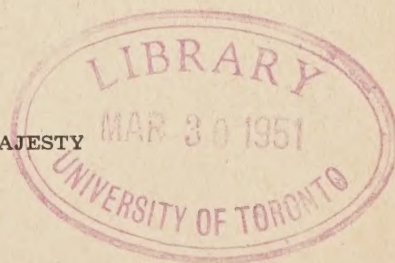
MONDAY, MARCH 19, 1951

WITNESSES:

Mr. R. L. Bridges, Director, Bechtel Corporation, San Francisco, California,
U.S.A.

Mr. D. L. Roberts, Vice-President, Bechtel International Corporation,
San Francisco, California, U.S.A.

OTTAWA
EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY
1951



ORDERS OF REFERENCE

THURSDAY, 15th March, 1951.

Ordered,—That the name of Mr. Byrne be substituted for that of Mr. Lafontaine on the said Committee.

Attest.

Leon J. Raymond,
Clerk of the House.

FRIDAY, March 16, 1951.

Ordered,—That the following Bill be referred to the said Committee:
Bill No. 115 (Letter M-1 of the Senate), intituled: "An Act to incorporate Trans Mountain Oil Pipe Line Company."

Attest.

E. R. HOPKINS,
for Clerk of the House.

REPORT TO THE HOUSE

MONDAY, March 19, 1951.

The Standing Committee on Railways, Canals and Telegraph Lines begs leave to present the following as a

FOURTH REPORT

Your Committee has considered Bill No. 115 (Letter M-1 of the Senate), intituled: "An Act to incorporate Trans Mountain Oil Pipe Line Company" and has agreed to report it with an amendment.

A copy of the proceedings and evidence taken is appended.

Clause 3 of the said Bill No. 115 provides for Capital Stock consisting of 5,000,000 shares without nominal or par value. Your Committee recommends that, for taxing purposes under Standing Order 93(3), each share be deemed to be worth \$11.00.

All of which is respectfully submitted.

L. O. BREITHAUPT,
Chairman.

MINUTES OF PROCEEDINGS

MONDAY, March 19, 1951.

The Standing Committee on Railways, Canals and Telegraph Lines met at ten thirty o'clock a.m. this day. Mr. L. O. Breithaupt, Chairman, presided.

Members present: Messrs. Applewhaite, Carter, Dewar, Fulton, Gillis, Harrison, Hatfield, Herridge, Lennard, Macdonald (*Edmonton East*), MacNaught, McIvor, Murray (*Cariboo*), Noseworthy, Riley, Robinson, Rooney, Stuart (*Charlotte*), Weaver, Whiteside, Whitman.

In attendance: Mr. A. Laing, M.P.; Mr. S. M. Blair, Parliamentary Agent; Mr. R. L. Bridges, Director, Bechtel Corporation, San Francisco, California, U.S.A.; Mr. D. L. Roberts, Vice-President, Bechtel International Corporation, San Francisco, California, U.S.A.; Mr. G. S. Colley, Executive Vice-President, International Bechtel Inc., Saudi Arabia; Mr. I. G. Wahn, Barrister, Toronto, Ontario; Mr. J. Fortier, Legal Adviser, Department of Transport, Ottawa, Ontario.

The Committee commenced consideration of Bill No. 115 (Letter M-1 of the Senate), intituled: "An Act to incorporate Trans Mountain Oil Pipe Line Company".

Mr. Laing, M.P., sponsor of the Bill, addressed the Committee and introduced Mr. S. M. Blair, Parliamentary Agent for the Petitioners.

Mr. Blair was called, explained the purposes of the Bill and was questioned.

Messrs. Bridges and Roberts were called, heard and questioned regarding the project contemplated in the Bill; its practicability from a construction and engineering point of view; potential markets in the area to be served, and the proposed methods of financing the undertaking.

The Preamble and Clauses 1 and 2 were severally considered and adopted.

On Clause 3:

On motion of Mr. McIvor:—

Resolved,—That, for the purpose of levying a charge on the capital stock, which will have no par value, the Committee recommends that each share be deemed to be worth eleven dollars (\$11.00).

Clauses 3, 4 and 5 were severally considered and adopted.

On Clause 6:

Mr. Fulton moved:

That paragraph (a) of Clause 6 of this Bill be amended by inserting after the words *pipe lines* in the 9th line thereof the following: "provided that the main pipe line or lines for the transmission or transportation of oil, shall be located entirely within Canada".

After discussion, and the question having been put, the said motion was agreed to.

Clause 6 as amended, Clauses 7 to 11 inclusive and the Title were severally considered and adopted.

The Bill, as amended, was adopted and the Chairman ordered to report the same to the House.

At 12.05 p.m. the Committee adjourned to the call of the Chair.

R. J. GRATRICK,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,
MARCH 19, 1951.

The Standing Committee on Railways, Canals and Telegraphs met this day at 10.30 a.m. The Chairman, Mr. L. O. Breithaupt, presided.

The CHAIRMAN: Members of the committee, will you please be seated so that we may count you. We need a quorum. Gentlemen, we now have a quorum. I am sorry that we are starting a little bit late, but it could not be helped. We shall proceed with Bill M-1, that is, Bill 115 which was referred to this committee.

The preamble to the bill reads as follows:

Whereas the persons hereinafter named have by their petition prayed that it be enacted as hereinafter set forth, and it is expedient to grant the prayer of the petition: Therefore His Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

Mr. Laing introduced this bill to the House. Is it your wish that he appear before us here to explain the bill further?

Agreed.

Mr. Laing, would you please come forward?

Mr. LAING: Mr. Chairman and gentlemen of the committee: I intend to do nothing more this morning than to introduce to you the parliamentary agent, Mr. S. M. Blair, who has brought along with him a number of specialists in finance, legal affairs and engineering. I would like to say that Mr. Blair is the gentleman who, a very short time ago, made a report for the Alberta Government on the tar sands of Alberta. That report attracted a great deal of attention not only in Canada but in other countries. With him today are Mr. R. L. Bridges, who will deal with the question of finance; Mr. Ian Grant Wahn of Toronto, who will deal with legal matters; and two engineers in the persons of Mr. D. L. Roberts, who will deal specifically with engineering problems of this particular pipe line, and Mr. G. S. Colley, an engineer, who, I think, two or three weeks ago was in Iran. Mr. Blair will deal with the general situation in regard to the pipe line as a whole. I thank you and your members for the consideration you have given us today and if I may, I would now ask Mr. Blair to come forward. Thank you.

The CHAIRMAN: Is it your wish that Mr. Blair be heard?

Agreed.

Mr. Blair, will you please come forward?

Mr. Sydney Martin Blair, called:

The CHAIRMAN: Are you prepared to give us an outline of this bill and of the general aspects of the whole situation? If so, you may proceed after which the members of the committee might like to ask you some questions.

Mr. LENNARD: After Mr. Blair has finished?

The CHAIRMAN: Yes. We shall first hear Mr. Blair's statement and then ask him our questions.

The WITNESS: Mr. Chairman and gentlemen; I shall just give you a very quick outline of our proposal. We have with us here today a group of gentlemen who have already been mentioned, who are thoroughly familiar with the different subjects in connection with this development, and of whom you might like to ask questions.

Our proposal is to build the Trans Mountain Oil Pipe Line, which Mr. Laing has so thoroughly described for you previously. It is a line running from Edmonton to Vancouver via the Yellowhead Pass. It is an all Canadian line, of 24 inches in diameter, and approximately 715 miles in length.

The line will have an ultimate capacity of the order of 200,000 barrels a day, and the immediate capacity will be approximately 75,000 barrels a day.

If the proposal meets with your agreement and the different regulations are completed at a sufficiently early date, it is proposed to commence the line in July of this year and to complete it by the 31st of December, 1952.

In going over this subject thoroughly, there will be questions of route, engineering, costing, financing and so on as to which you will doubtless want more information. So I might say that we shall be happy to do our best to answer such questions that may be put to us.

The gentlemen who are here today are Mr. R. L. Bridges, who is a Director of the Bechtel Corporation. Mr. Bridges will be pleased to answer any questions on financing. Mr. D. L. Roberts, who is a Vice-President of Bechtel International Corporation. Mr. Roberts will be happy to answer any questions on engineering, route, or costing. Mr. G. S. Colley, a Vice-President of International Bechtel. I might say that Mr. Colley has just returned from the Middle East where he has been the executive in charge of all the work out there. He, of course, has had varied experience in pipe line work in general and he is present here today to answer any general pipe line questions that you might care to ask him, and that might assist you. And Mr. I. G. Wahn, who is a solicitor from Toronto. Mr. Wahn will be able to answer any legal questions.

If there are any miscellaneous questions respecting oil operations in Alberta, as to which I can be of assistance to you, I would be very happy to attempt to answer them.

The CHAIRMAN: Thank you very much, Mr. Blair. Now, before Mr. Blair retires and before we call on the other witnesses who are present, are there any questions you would like to ask on the general topic of the bill?

Mr. APPLEWHAITE: Might I ask, Mr. Chairman, why there is such a difference between the estimated initial capacity and the ultimate expected capacity. Is that due to marketing or what?

The WITNESS: Actually it is due to the initial demand and the engineering arrangements that are made for that line. When it first goes into operation it will have pumping stations designed to handle the immediate requirements, having regard to the estimated production from Alberta. The ultimate capacity would be obtained by the addition of further pumping stations on the line as the market requirements and production go up.

Mr. APPLEWHAITE: Both production and quantity?

The WITNESS: Yes, both production and quantity.

Mr. HERRIDGE: Might I ask the witness a question, Mr. Chairman?

The CHAIRMAN: Surely.

Mr. HERRIDGE: When we were discussing the Trans-Canada Pipe Line Company, the company in question agreed to an amendment of section 6, that it be provided for and stipulated that the main pipe line of the company would be

entirely within Canada. Might I ask the witness if he would be willing, when we come to section 6 of this bill, to have a similar amendment inserted at the appropriate place in this bill?

The WITNESS: We would welcome such an amendment, Mr. Chairman.

The CHAIRMAN: Are there any other questions?

By Mr. Fulton:

Q. Might I ask the witness whether he can tell us with what oil companies this particular company has any connection or affiliation? We have been told in the House that the Bechtel Corporation is behind the building of the line itself. I see the name of Stephen Davison Bechtel in section 1 of the bill. Could the witness tell us what oil company affiliations or connections exist with the present company?—A. The Bechtel Corporation has discussed the building of the line with a group of major companies, but no company has been asked formally to sign any agreement and it is not proposed to ask them to do so until the legislation which is now in the House is enacted. But the intention would be that there would be agreements with these companies which would be particularly affected by this operation. I do not feel I can go much further than that. It is simply being developed for the oil situation there as it exists at the present time and the companies that would be affected. However, I might add that the line would be a common carrier for any company which wished to ship through the line.

Q. As to financing and construction, is it contemplated that the Bechtel Corporation would actually carry out those arrangements itself, or is it contemplated to have oil companies assist?—A. As to the details of financing, I think Mr. Bridges would be happy to deal with them. But the intention is that the financing would be carried out by Bechtels, who naturally would be supported by any financing in the way of agreement they might have with other companies as to through-put.

Q. You say that you think Mr. Bridges will be in a position to answer my question?—A. Yes, I think Mr. Bridges will be able to answer your question.

Mr. FULTON: Mr. Chairman, I notice that the witness is standing.

The CHAIRMAN: Yes, but I gave him permission to sit down before you came in. And I might say that before you came in Mr. Laing told us that Mr. Blair would deal with the general aspects of the problem, because we have other witnesses here who will deal with financing, engineering, and so on.

By Mr. Murray:

Q. Mr. Chairman, does not defence have a great deal to do with the need of an oil line to the Pacific?—A. Yes.

Q. Would you follow the Canadian National main line to tide water?—A. The line goes through the Yellowhead Pass, and for a considerable distance in the same general route, it follows the Canadian National. But the latter part towards the west is not on the Canadian National route. However, Mr. Roberts, I think, will be happy to deal with the details of the route.

Q. It will be necessary to service those industries along the coast, let us say, at Prince Rupert and at Vancouver with oil depots and loading stations?—A. Yes. It would lead to the establishment of bulk terminals at Vancouver, at which point the oil would be under pressure for delivery to any refinery.

Q. Might I ask if the line goes to Prince George?—A. No. It would have to be a coastal shipment up there.

Q. But you go through the Yellowhead Pass?—A. Yes.

Q. Do you not think that the shortest route to Vancouver would be through Prince George and then down the Fraser River?

The CHAIRMAN: I wonder if we should not postpone that question for the engineer, subject to your consent?

Mr. MURRAY: Very well, Mr. Chairman.

Mr. MACDONALD: Mr. Chairman, I am very glad to see this company has its head office in the city of Edmonton, which is really the oil centre of Canada. And I am happy to see that they have chosen their route through the Yellowhead Pass. The economics of the Yellowhead route are well known to everyone in the west, and I am going to have an opportunity, I hope, to develop or to ascertain the fact that this route is definitely going through the Yellowhead Pass, the Blue River road, and Valemount.

There is another little point I would like to ask about, and I am sure that Mr. Blair can answer. Some time ago we had a firm in Edmonton, Bechtel, Price, Callahan, and I would like to know if this is the same Mr. Bechtel who was associated with that firm?—A. The same Mr. Bechtel.

Q. I can say for the benefit of the members of the committee that the firm was held in the highest regard in the city of Edmonton. They had very excellent people with them. The job they had to do at that time was completed with good results, and I am quite sure that the people of Edmonton would welcome him back with open arms.

Mr. APPLEWHAITE: May I ask one question?

The CHAIRMAN: Yes.

Mr. APPLEWHAITE: Will this trans-mountain company be in the business of buying and selling oil, or just carrying oil for other people?

The WITNESS: Its primary purpose is to carry oil.

By Mr. Robinson:

Q. I would just like to follow up the few questions asked by Mr. Fulton. As I understand your answers to Mr. Fulton's questions, you have no definite commitments with any oil companies at the present time?—A. May I put it this way: no signed commitments.

Q. No signed commitments, or signed contracts?—A. No.

Q. But you have approached a number of oil companies in that connection?—A. That is right.

Q. Would there be any objection to stating what companies you have approached?—A. May I answer that this way, sir? Through-put agreements are really part of the financing and I think it would be more appropriate to get that as part of Mr. Bridges' over-all story.

Q. That will be given to us later?—A. Yes, I am not avoiding the issue but it would work in most efficiently at that point, if you are agreeable.

Q. Following up the question Mr. Herridge asked, I understand that you contemplate the line will run from central Alberta to Vancouver, is that correct?—A. That is correct.

Q. And I understand your present intention is that the line shall end at Vancouver?—A. That is correct.

Q. Are you at the present time considering any plans for an extension of the line from Vancouver to Portland or Seattle, or other places?—A. No, it is our intention to go to the terminal at Vancouver.

Q. You have no plans and you have not considered taking the line further south in the States?—A. No, our present plans are entirely with respect to the bulk terminal at Vancouver—the other arrangements being in the future.

Q. Will you find the necessary refinery capacity at Vancouver?—A. That, you appreciate, will be the responsibility or the undertaking of the different

refining companies. There will undoubtedly be refinery expansion concurrent with pipe line construction, but what the refinery companies' plans are I am not in a position to say.

Q. Mr. Blair, should you in the future decide to run a line south of Vancouver and into the States, to serve Portland and Seattle, do you think the amendment, which you have said you would welcome with open arms, would prevent you?

The CHAIRMAN: I do not think that is in order. The amendment has not been submitted yet.

Mr. ROBINSON: Well, let me go a little further.

The CHAIRMAN: We can discuss that when the amendment comes in.

By Mr. Robinson:

Q. Perhaps I can lay the groundwork for it. Mr. Blair, are you familiar with the wording of the amendment which Mr. Herridge mentioned?—A. Yes, I am familiar with the wording as it was stated in the other hearing.

Q. And it is that wording you say you will welcome with open arms?—A. We welcome it for the reason that it in no way conflicts with our intention. Our intention is to build the line from Edmonton to Vancouver with the terminal there. The pipe line will be entirely in Canada and we will finish it in that manner.

Q. I would just like to get your idea of the effect of the amendment should your intention change in the future? Should your intentions in the future come to be along the line that you would like to extend your pipe line into the States, do you think, or would you consider that you would be bound by that amendment and that you could not do so?—A. I would understand that amendment, sir, as meaning that we were confining our operations to Canada, in accordance with our present plans. We do not visualize any pipe line outside of our own country.

Q. Let me put it this way. Suppose you want to go into the United States, do you think that you would have to come back to parliament and ask to have other powers? I just want to get your idea on how far the amendment would bind you?—A. I do not know that I am in a position to answer that legal question. We are just not planning that sort of development.

Q. Perhaps another witness would answer it for me.

The CHAIRMAN: I still think that the discussion is a little premature and, if you do not mind, we will postpone it until we come to the legal aspects, and until we actually have the suggested amendment.

By Mr. Murray:

Q. Mr. Blair, you have had something to do with the development of the Athabasca tar sands at Fort McMurray?—A. Yes, sir.

Q. How much oil do you consider is available there in the event of it being successfully developed?—A. Well, sir, the quantities are tremendous. We cannot put an ultimate figure on it because we do not know the boundaries of the formation, and we do not know the amount of void spaces within the area.

Q. It would be one of the greatest reserves in the world?—A. Yes.

Q. Yes. Is it possible that would be piped into this oil line?—A. Yes, it could be considered as an additional reserve or insurance against supplies.

Q. Would the present international situation with respect to oil influence you with regard to Fort McMurray tar sands?—A. It is a wide question, sir, but we are undoubtedly facing a very critical world situation. We have oil there and we know how to produce it in vast quantities.

Q. If the pipe line in Iran is taken over by the communists, would that not throw us back on Alberta and northern Canada for a supply of oil for the British Empire?—A. It would throw the spotlight on the reserves we have there.

Q. So it would be urgent that you get going as rapidly as possible on the construction of your line?—A. Yes, sir.

The CHAIRMAN: Well, are we ready for Mr. Bridges to give us the financial end of it?

Mr. ROONEY: Mr. Chairman, there is a note just being passed around advising of the passing of Mr. Karl Homuth from a heart attack in hospital here. I know how we all think of Mr. Homuth and I would just draw it to your attention at this moment.

The CHAIRMAN: Thank you, Mr. Rooney. I am sure that all the members of the committee will feel a great sense of personal loss and friendship at the passing of Mr. Karl Homuth. We will no doubt hear tributes in the House this afternoon so I imagine that in the meantime we will have to let it rest at that.

Are there any further questions now? If not, we will call on Mr. Bridges, the financial adviser.

Mr. R. L. Bridges, Director, Bechtel Corporation, called:

The CHAIRMAN: Mr. Bridges, you are prepared to answer questions with respect to the financial set-up of this company. Have you an initial statement to make as a basis for questions?

The WITNESS: No, I think I can probably better answer the questions of the members of the committee.

The CHAIRMAN: Are there any questions which you wish to ask of Mr. Bridges?

By Mr. Fulton:

Q. Mr. Chairman, may I ask Mr. Bridges whether he would be willing at this time to tell us what oil concerns the company has approached in connection with the ultimate use of this line when it is constructed?—A. I hesitate to speak of the oil companies without their consent. By and large the publicity that has come out in that respect has been pretty accurate.

Q. I did not catch that?—A. The publicity that has come out in the papers from other sources has been pretty accurate.

Q. You take the position that you would not care to give us a list of names in case it should be taken as committing them, or that it may be committing them, when they have not actually signed?—A. That is it exactly.

Q. I do not think I am concerned enough to press that particular point, but I am interested in following up the question asked regarding the construction of the line. I want to know whether it is contemplated that the oil producing companies and the refining companies will have a share in the financing? Or, is it the intention that the Bechtel Corporation itself will take charge of the financing—although I do not mean out of its own funds?—A. It is contemplated that the through-put guarantors, the oil companies, will share in the equity of the company. However, it will be the responsibility of the Bechtel organization to put the financing together as a whole. The through-put guarantors do not take the responsibility for any of the financing, other than what they themselves wish to subscribe for.

Q. I did not get that one word—something “guarantors”?—A. Through-put guarantors. Through-put guarantors are those who guarantee a certain amount of through-put of oil through the line.

Q. Have you at the moment any guarantees of oil from the oil companies?—
A. We have not. We are not asking any of the oil companies to execute through-put agreements until Trans Mountain Oil Pipe Line Company is incorporated. After incorporation, if it is incorporated, and prior to appearing before the Transport Board, we would expect to have all of the through-put agreements executed.

By Mr. Rooney:

Q. Possibly, to save time, you could give us an outline of what the capital structure would be?—A. Yes.

Q. How many common shares, preferred shares, and bonds?—A. Yes. The total cost of the line is approximately \$86,700,000.

Q. \$86 million— —A. \$86,700,000. At present the proposed financing, which may vary in some detail, would be \$30 million of first mortgage bonds sold to institutional investors in Canada; \$36 million U.S. dollars—

Q. The first one was \$36 million?—A. The first one was \$30 million. The second is 36 million U.S. dollars, first mortgage bonds, to be sold to institutional investors in the United States; and approximately \$14 million of debentures and \$7 million of common stock.

Mr. WHITESIDE: That would be sold anywhere—that last \$21 million?

The WITNESS: Yes, there is to be made no public offering of any securities anywhere other than in Canada.

Mr. ROONEY: There will be no public offering?

The WITNESS: Of any securities, other than in Canada.

The CHAIRMAN: Except with regard to the \$36 million in the United States which will not be offered publicly.

The WITNESS: Yes.

Mr. ROONEY: I suppose the principals will be picking up, with their associates, the largest part of that \$7 million common stock?

The WITNESS: Yes. There again, and this is just a proposal you understand, the contemplation is that \$3½ million of common stock will be subscribed by the Bechtel interests, and the balance by through-put guarantors.

The CHAIRMAN: Whom together will control the company?

The WITNESS: Initially. The debentures will carry warrants to purchase common stock, which means eventually they will come into a proportion of the control of the company.

The CHAIRMAN: Have you worked out the terms, or the proportion of common stock to which the debentures will entitle the debenture holders?

The WITNESS: No, we have not. One thing depends somewhat on another. The terms of the first mortgage bonds will depend upon the through-put agreements, and vice versa. They have to dove-tail. The function of the through-put agreements is to guarantee repayment of principal and interest to the first mortgage bonds. The requirements of the holders of the bonds will then, to a certain extent, condition the requirements in connection with debentures and with the common stock.

By Mr. Applewhaite:

Q. Have you any expectation, at the moment, of what one share of common stock will net the company when sold?—A. \$10 is our present thought.

Q. In other words you do not need the whole 5 million shares to raise the necessary funds?—A. That is right.

By Mr. Rooney:

Q. In case of default here the company would go back to the \$30 million first mortgage bonds, I suppose?—A. In the case of default?

Q. Yes, of default? Suppose the company was not paying and could not keep up?—A. Yes, that is right. The total of the first mortgage bonds that will participate equally in the mortgage security.

Q. I was wondering what extra protection the \$36 million of bonds sold to U.S. investors would have? They could come in under that?—A. All of the first mortgage bonds would be secured by a mortgage on the line itself. They would have no other security. However, the through-put that is guaranteed will net the company sufficient revenue so it can pay off the bonds. In other words it can pay interest and service the sinking fund to retire the bonds. The first mortgage bondholders look primarily to the through-put agreements rather than to the mortgage, because a pipe line is not worth much in the ground unless there is oil going through it.

Mr. FULTON: Could Mr. Bridges tell us what is the contemplated capacity of this line? You must have made a survey of that on which to base your operations?

Mr. MACDONALD: 200,000 barrels a day was the capacity figure given.

The WITNESS: It is contemplated initially that the through-put will be 70,000 barrels a day.

By Mr. Fulton:

Q. Capacity?—A. There will be a capacity, initially, of 75,000 barrels a day, and with the addition of additional pumping stations, it will go up to a total of 200,000 barrels a day, as demand requires it.

Q. Can you go so far as to tell us whether these contemplated agreements you have at the moment will secure you 70,000 barrels a day?—A. Yes, sir.

By Mr. Robinson:

Q. What about your markets in Vancouver; what would your markets amount to?—A. Our survey shows approximately 37,000 barrels per day in British Columbia as of today.

Q. Tell me, Mr. Bridges, can you say what the market in British Columbia would have been five years ago?—A. I am sorry, sir, I cannot answer that.

Q. Has it been increasing year by year?—A. I understand it has.

Q. And it is now about 37,000 barrels per day?—A. Right, that I believe was the 1949 figure. I am not sure what it is at this particular date.

Q. I have an additional question, Mr. Chairman. What do you contemplate doing with the excess, with the amount over the 30,000 barrels out of your prospective 70,000 barrels per day, which would be the capacity of your pipe line?—A. I think it would be exported.

By Mr. Murray:

Q. I think I am right in saying that the 37,000 barrels per day would be crude oil?—A. Yes.

Q. And that is the estimated consumption at the present time?—A. That is right.

Q. I believe there is a little more than that used in British Columbia, that includes gasoline, that is a refined product. Would that not make a difference?—A. I believe that takes into consideration the refined products that were used in 1949.

Q. And those refined products include gas, oil and so on?—A. I believe so.

Mr. LENNARD: Mr. Chairman, this company proposes—

The CHAIRMAN: I do not believe Mr. Murray had finished yet. Had you finished, Mr. Robinson?

Mr. ROBINSON: No, Mr. Chairman, I had not finished yet.

By Mr. Robinson:

Q. Mr. Bridges, I presume the excess would be exported; how would it be exported, by barge?—A. By tanker or barge.

Q. From what contemplated place?—A. You understand, it would be the oil companies doing this. We merely deliver the oil at the terminal, but we would assume that it would be going down into the States.

Q. And by tanker?—A. By tanker and barge.

Q. Not by an extension of your line?—A. Not in so far as the pipe line company is concerned.

Q. You agreed in answer to a previous question that there was no intention of extending this line southerly to the United States?—A. We expect to have a marine terminal with an initial storage capacity of a million barrels at Vancouver. If our line can be developed to carry 200,000 barrels per day that storage capacity will necessarily increase.

The CHAIRMAN: Were you through, Mr. Murray?

By Mr. Murray:

Q. I just wanted to ask where his terminal was supposed to be, whether it would be at I.O.C.O.?—A. Mr. Roberts would have to answer on that point. I do not know whether the exact location of the terminal, the area, has been decided.

Mr. LENNARD: This company is going to be a common carrier which does not mean that there is going to be anything to prevent another company from picking up that oil at Vancouver—a company whose oil is not being transported over the pipe line—picking up that oil at Vancouver and taking it by pipe line to points in the United States.

The WITNESS: That has not been suggested.

By Mr. Applewhaite:

Q. Would this terminal at Vancouver be operated by you?—A. The terminal would be owned by the Trans-Mountain Oil Pipe Line Company. The oil would be delivered under pressure to the oil company, delivered under pressure to the pipe lines running to the refineries or aboard tankers.

Q. Now, I have this other question. Does this company contemplate going into marine transportation?—A. No, our contemplation is that we put the oil under pressure at the terminal.

By Mr. Fulton:

Q. Are you in a position to tell us what would become of the surplus oil your pipe line will be carrying? As I understand it, your present expectation is that you will have a requirement of 37,000 barrels per day, you are going to be able to transport 70,000 barrels per day; that will leave you with a considerable surplus right from the start. Would it be logical to assume that this surplus oil will be refined in Vancouver, or in the Vancouver vicinity, before it is shipped by barge or tanker; or, would the normal thing be to ship it in crude form to refineries elsewhere? I am referring to the surplus which is being exported by barge or tanker?—A. The tariff is normally higher on refined products than on crude oil so, to be economical, I think it would be pretty sure that the oil to be transported would for the most part be crude oil.

Mr. MACNAUGHT: Have you worked out any charge per barrel for the transportation for this oil? Can you tell us your contemplated charges?—A. Yes, we have a proposed tariff, per barrel, for transportation in the terminal at Vancouver and it is 45 cents per barrel.

By Mr. Murray:

Q. Would this witness say whether he would serve the Canadian navy at Vancouver, or the United States navy or the British navy?—A. We would furnish anyone who had need for crude oil there. Actually we would not own the oil, but we would do servicing within the capacity of the marine terminal.

Q. Well, if the middle East were tied up as a source of oil they would naturally turn to your supplies at Vancouver.—A. That is correct.

By Mr. Whiteside:

Q. Can you say how the rates you just gave the committee compare with the present rate for transportation of oil by the barrel?—A. I cannot.

By Mr. Applewhaite:

Q. Is the type of oil you are getting from Edmonton a type of oil that would be used for bunker fuel?—A. I will have to leave that to someone else to answer.

Mr. BLAIR: Part of the oil would make suitable bunker fuel.

The WITNESS: It would depend on what it was required for. If it were used as bunker fuel for a ship operating in Arctic waters it would normally not be supplied by a paraffin base oil. But, speaking broadly, the bulk of the fuel could be oil suitable for bunker fuel use.

Mr. FULTON: I would like to ask this witness, or some witness at the appropriate time, whether he can outline for us any of the advantages which might be expected to be available to communities along the route of this pipe line, to the smaller communities in British Columbia, on its way to the main terminal at Vancouver.

The CHAIRMAN: Can you answer that, Mr. Bridges?

The WITNESS: I can try. I think that if at any time refineries are built anywhere along the line it will be very easy to take off oil at that point, so that it will make possible the construction of refineries anywhere along the line. But, of course, the economics of refineries would be a matter for the oil companies.

Mr. FULTON: But there is no reason from the engineering point of view, so far as you know, why these pipe lines cannot be tapped at any point along the route?

The WITNESS: That is correct.

Mr. MACNAUGHT: That would depend upon the people for whom you are working; it could be done if they wished to do it.

The WITNESS: It is our customers' oil.

The CHAIRMAN: We are now getting into engineering problems which the next witness probably would be better able to answer. If there are no other questions on the financial end I would, with your consent, call Mr. Roberts, of the engineering staff.

Thank you very much, Mr. Bridges.

Mr. D. L. Roberts, Vice-President, Bechtel International Corporation, called:

The CHAIRMAN: As Mr. Laing pointed out, Mr. Roberts is vice-president of Bechtel International Corporation.

Mr. MACDONALD: I would like to ask Mr. Roberts if he brought a map showing the project?

The WITNESS: Yes, I have several copies of a small map we have had prepared. If you would like me to pass it around, I should be glad to do so.

Mr. APPLEWHAITE: Might I ask Mr. Roberts whether this company will accept oil from its customers' wells at one given point, or whether it will operate a sort of collection system of pipe lines in Alberta?

The WITNESS: We are planning, generally, to accept oil at one point, and I think it is the general practice that the oil companies would provide the lines to that point.

By Mr. Murray:

Q. At what point in the Vancouver area would you deliver this oil?—A. We have not determined the exact point, sir.

Q. The Imperial Oil company refinery, Ioco, is the largest manufacturing refinery west of the Rockies?—A. That is right.

Q. Would it not be natural that you would deliver a great deal of it there?—A. Primarily our purpose in connection with the marine terminal is in getting to deep water near open land. The cost to Imperial, for instance, of bringing in a short pipe line doesn't amount to much in the total cost; so it can be within, either way, five or ten miles, I should say, of their refinery.

Q. There is considerable congestion in the harbour of Vancouver and you might have to go to a place like Squamish?—A. We are surveying on both shores from Port Moody to the mouth—

Q. Of the Fraser River?—A. No, of the inlet.

Q. It would be outside of the city of Vancouver, it would not be inside the corporate limits of the city of Vancouver?—A. Probably they won't let us. That is a matter, of course, which would depend on their regulations.

Q. And that would exclude you also from Port Moody and Burnaby, and also from north Vancouver and west Vancouver.—A. That would depend on their regulations concerning the loading of oil.

Q. Would you consider a tank farm in the Fraser Valley some place?—A. We know we must be near deep water.

Q. Squamish might be a very desirable place for a tank farm; it is the terminus of the P.G.E. railroad.—A. Is that on the Fraser River?

Q. It is not on the Fraser River, it is on a straight line from the Fraser River, and it is served by a railway and deep water suitable for world shipping, which can come right in to the port of Squamish.—A. I would have to take your word for that. I have not investigated that part of the area.

Q. There is no question that there is great congestion in the city of Vancouver so far as industrial development around the harbour is concerned.—A. Yes.

Q. So that would be a very important point—to know where you should hit tide water.—A. That is right. We have three men investigating all of that locality at this time to determine the most suitable place for our terminal.

Q. The matter of defence would have to be a consideration. It would have to be a place easily defended in case of attack. I would like to say this further about the location of your terminal; that it would shorten your line or lengthen it according to the point in the Vancouver area which you reach. I wonder if

your lines should not go down the Fraser River directly from Prince George. That is the shortest route from the Yellow Head Pass; whether it would not be better for you to follow that route rather than the circuitous route which you show on the map. Prince George, of course, is north of Mount Robson, north and west; and from there to Vancouver you could follow the water route right around the Fraser River touching numerous populous centres.—A. I don't want to get too technical but the economics of a large diameter pipe line are such that generally the cheapest route is the shortest route. I think if you would look at a line from Edmonton to Vancouver you will see that it passes right through Kamloops, or a little south. It happens that the Yellow Head Pass gives as close to a straight line as any possible route we can find.

By Mr. Macdonald:

Q. Mr. Roberts, I am awfully glad to hear you make that statement. The route of the proposed pipe line will not be in the record unless I ask the witness some questions about it, and I will ask him if he will follow me and answer my questions in that regard. First I think the first valley is the Pembina River valley. Then through Evansburg; then through Edson and on up through the McLeod River valley; and you proceed then through the Athabaska Valley and Jasper; then you take the Yellow Head Pass; and then on to Tete Jaune Cache—is that correct?—A. That is correct.

Mr. MURRAY: This is in the electoral district of Cariboo.

Mr. MACDONALD: Then you proceed from there to Valemount—

Mr. FULTON: At this point I think I should take over.

Mr. MURRAY: Go ahead.

Mr. MACDONALD: I was over this route a couple of years ago and the honourable member for Kamloops, and many others were present and we had a very nice gathering; so I am slightly familiar with this route—it goes through the Tete Jaune Cache, down to Valemount; then down through Thunder River and Blue River, Cottonwood Flats, Clearwater—directly to Kamloops. Is that your plan?—A. That is right.

By Mr. Macdonald:

Q. Beyond Kamloops, I am not so worried about that. You can take over there, Mr. Fulton.

The CHAIRMAN: Do you want to ask a question now, Mr. Fulton?

Mr. FULTON: Yes.

By Mr. Fulton:

Q. I think Mr. Macdonald has got you to Kamloops, and from there on perhaps he would leave it to me. According to the map which is before us apparently the pipe line will follow approximately the route of Kamloops, Merritt road; and from there on to Brookmere; and it is not very far east of the main highway, which is known as the Hope-Princeton highway. I take it it would be your intention to follow the route of that highway down the Fraser Valley and so to Vancouver. Is that correct?—A. No, it is not correct. At Brookmere or from Brodie we plan to go through the Coquihalla Pass, and to follow the Canadian Pacific and the Kettle Valley down to Hope which, as you can see by the map, is considerably shorter than it would be to follow the line of the Hope-Princeton highway.

Q. So, in effect, you will be following the water level the greater part of your route?—A. That is right, except for the section between Kamloops and the Coquihalla Pass. We are primarily following water route.

Q. And I presume your engineers have surveyed that route and suggested it as the most desirable, but I think you will agree with me that there is a water level route there through a chain of lakes following down from there; also, there are no passes or difficult heights to get over. Your company has surveyed this route, has it not?—A. We have made reconnaissance surveys, that is, explorations by car, by rail, and on foot over the entire route.

Q. What can you tell us about the route in comparison with other pipe lines? No doubt you have seen the controversy there has been as to whether this is possible from an engineering point of view and from an economic point of view. Would you care to tell the committee about your findings?—A. We feel that it is entirely feasible from an engineering point of view. As I said before, it is the shortest route we were able to find between supply and market; and, economically speaking, we feel that it is also the cheapest.

Q. Your company has built a great many other pipe lines. In some of them you experienced comparable difficulty and in others you found the going much more difficult, did you not?—A. I would say that we have built pipe lines of comparable difficulty.

Q. Have you built pipe lines in Iran—I do not mean you yourself, but has your company?—A. No. We are at present building a pipe line from Iraq through Syria. Not in Iran.

Q. Might I ask if the altitudes to be surmounted on this route are greater or less than those of other pipe lines of which you have knowledge?—A. The altitudes on this route are, surprisingly enough, very light. The Yellow Head Pass at its highest point, has an altitude of slightly over 3,700 feet. We have gone over passes much higher than that in some of our pipe lines.

Q. What have you to say about the length of this route in comparison with the length of other routes which your company has built?—A. We have built longer pipe lines. We built the Trans-Arabian pipe line in Saudi Arabia. That portion of its length is 850 miles. The main line we are building between Iraq and Syria is 556 miles; and we have just finished a line in California which is over 500 miles in length. So you can see that the proposed line here is comparable with respect to length.

Q. Can you tell us what will be the actual length?—A. As we have it laid down, right now, it is approximately 715 miles.

Q. And what about the number of men employed in the construction of this route?—A. We have worked out a tentative figure and I think we can safely say it would be in the neighbourhood of 2,000 men.

Q. You mean, just for the actual construction of the line?—A. Yes.

Q. You are not taking into consideration the number of men who would be engaged in fabricating the steel, for example?—A. No. I meant the actual construction in the field, warehousing, and other things incident to the construction in Canada, but not with respect to manufacturing.

Q. And in respect to maintenance of the line after it is built, what estimate have you of a staff which you think would be necessary to manage it?—A. Approximately 150, but I am only speaking roughly.

Q. You say 150 men, and I take it that you mean an all the year 'round basis?—A. No; I mean some part-time and some all the year 'round. We will undoubtedly have much heavier maintenance at times. For example, during the winter months our men will not be able to cover as much of the line, so we would have to put more men on it.

Q. How many pumping stations do you think you will require along the length of the route?—A. For initial operation, three.

Q. And have you as yet tentatively allocated them?—A. Yes.

Q. Can you tell us where?—A. I can. The first pumping station, of course, will have to be at Edmonton, where we collect the oil. The second, as

it stands now, is in the approximate neighbourhood of Edson, but we have not tied it down definitely. And the third will be in the neighbourhood of Kamloops.

The CHAIRMAN: Is that all right with you, Mr. Fulton?

Mr. FULTON: I have not heard any objection so far, Mr. Chairman.

By Mr. Fulton:

Q. With respect to the figure you gave of 150 men, does that figure include men who would be at the pumping stations?—A. Yes.

Q. And then I suppose as the flow of oil increases, as Mr. Bridges said, from 70,000 barrels a day to start with upwards to let us say 200,000 a day, would it be necessary to have more pumping stations?—A. After you get up to 125,000 barrels a day it is necessary to add more pumping stations in order to develop 200,000 barrels a day.

Q. So you think it would increase proportionately with the amount of oil going through the line?—A. Yes.

Q. Can you tell us something with regard to the roads? I take it that it would be necessary—or perhaps I had better put my question this way: would it be necessary to build a road to construct this line, or could you do it by simply following the existing railway facilities?—A. In most locations we hope to get by with the existing railway facilities. You will appreciate that we have to clear what we call the right-of-way, in order to allow our equipment to go down the pipe line and to perform its various functions. It will be necessary to survey the area along the right-of-way and we may have to construct a tote-road in order to allow that equipment to get in and out.

Q. Are you familiar with the Blue River-Yellow Head road? Would that road serve your purpose, or would you have to make improvements to that road?—A. Generally I think that would serve our purpose. We may have to shore up a bridge or two to get equipment across, but just as a temporary expediency.

Q. Could you tell us something with regard to the possibility of tapping this line? I asked Mr. Bridges a question about it and we left the rest to yourself, speaking as an engineer, to enlarge on it. If market, financial, and economic conditions justify it, would it be feasible to establish cracking plants at various points along the main line?—A. As far as taking oil out of the line is concerned, yes, it would be feasible. I shall have to give you the same answer that Mr. Bridges gave concerning the economics. It is a question for the oil companies which own the oil, to determine whether it is a good thing to do, economically speaking.

Q. But if economic conditions should warrant it, there would be no engineering difficulty in the way?—A. No.

By Mr. Herridge:

Q. With respect to the maintenance of this line, I think you have told us that it would require an average of 150 men. No doubt there would be a considerable amount of supplies required throughout the year even for the maintenance of the line. What can you say as to the value of such supplies which would be required, let us say, for the maintenance of the line from its commencement to its end?—A. It is a difficult question to answer, sir. Taking it in terms of food for crews, etc., I do not know how far you want me to carry it down.

Q. Well, in connection with the line itself, not with maintenance of the crews.

The CHAIRMAN: I think he means materials.

The WITNESS: Generally, it will be very nominal. I would say probably less than \$50,000 a year in terms of materials.

By Mr. Murray:

Q. Would you have to obtain rights-of-way from private owners along the way?—A. Yes.

Q. But for the most part would you not be on crown land, I mean crown land in the right of the province of British Columbia?—A. I think you are right, sir.

Q. Would you pay any rental to the crown then for the use of this land, or have you made any arrangement in that respect?—A. We have not discussed that subject.

Q. What do you consider the tax revenue would be to the treasury of British Columbia annually from the project?—A. I have to say that I do not know.

Q. Do you not think it would run into a good many hundred thousand dollars, if the same taxation were applied there as elsewhere? Would you not expect to have to pay a very large sum into the provincial treasury?

Mr. BRIDGES: I think I can answer. Several hundred thousand dollars sounds high, on a comparable tax rate.

Mr. MURRAY: You have no precise idea as to the figures?

Mr. BRIDGES: No, sir.

Mr. MURRAY: So you come under the same category as the British Columbia Electric, or any other corporation?

Mr. BRIDGES: That is correct, whatever it is.

The CHAIRMAN: If there are any questions, we certainly do not want to cut off discussion. Are there any other questions? If not, I think we are ready for a consideration of the bill.

Mr. FULTON: Just a moment, Mr. Chairman. We were told in the House that this company had made arrangements to secure supplies of steel for the construction of the line. Could this witness tell us about those arrangements?

Mr. BRIDGES: We have the steel under firm contract in the United States. Deliveries are to be made to the company at the end of June at the rate of 4,000 tons per month for the first two months, and then at the rate of 8,000 tons per month thereafter until all the steel is delivered. And we are sure of obtaining delivery in time to complete the line within the construction season of 1952.

Mr. FULTON: On that point, will you have a plant or will some concern have to erect a fabricating plant along the way? How is that material to be handled?

Mr. BRIDGES: For this diameter of pipe, it will have to be fabricated at the South San Francisco plant of the Consolidated Western Steel Corporation.

Mr. FULTON: And shipped in as pipe?

Mr. BRIDGES: Yes.

Mr. ROONEY: Even if you have steel under a firm contract; what assurance have you that you will be allowed to use that steel after you get it up here?

Mr. BRIDGES: That depends entirely upon a consideration of the value of this line to the economy of Canada and to the defence of Canada. You are quite right. We are entirely at the mercy of the government as to what they think is the best use of it.

The CHAIRMAN: Are you ready for the bill?

Agreed.

Does the preamble carry?

Carried.

Does clause 1 carry?

Carried.

Does clause 2 carry?

Carried.

Clause 3, capital:

3. The capital stock of the Company shall consist of five million shares without nominal or par value.

The CHAIRMAN: There is a matter here that we should consider just briefly. We have a declaration. At the outset I might explain that when this clause was under consideration it was pointed out by the Chief Clerk of Committees that we should have a motion adopted declaring for taxation purposes what the proposed non-par value capital stock should be deemed to be worth per share. So we have a declaration signed by Mr. Blair and I would ask the clerk to read it at this time.

The CLERK:

Province of Ontario

County of York

To Wit:

In the matter of the Pipe Lines Act:

And in the matter of an application for the incorporation of Trans Mountain Oil Pipe Line Company.

I, SIDNEY MARTIN BLAIR, of the Township of Albion, in the Province of Ontario, Engineer, DO HEREBY DECLARE:

1. That I am the parliamentary agent for the petitioners for incorporation of Trans Mountain Oil Pipe Line Company and as such have personal knowledge of the matters hereinafter deposed to.

2. That I have been instructed by the petitioners for incorporation of the said Company that the capital of the said Company consisting of five million shares without nominal or par value will not be issued for an aggregate consideration exceeding Fifty-five Million Dollars.

3. That I believe for the purpose of determining the fees to be paid with reference to the authorized capital of Trans Mountain Oil Pipe Line Company that the sum of Fifty-five Million Dollars should be fixed as the aggregate consideration for which the five million shares without nominal or par value may be issued.

AND I MAKE THIS SOLEMN DECLARATION conscientiously believing it to be true and knowing that it is of the same force and effect as if made under oath and by virtue of The Canada Evidence Act.

DECLARED before me at the City of
Ottawa, in the Province of Ontario
this 19th day of March, 1951.

(Signed) S. M. BLAIR

(Signed) I. G. WAHN

A Commissioner, etc."

The CHAIRMAN: In that connection Mr. Dan McIvor moves:

That, for the purpose of levying a charge on the capital stock, which will have no par value, the committee recommend that each share be deemed to be worth \$11.00.

Is that satisfactory to you? All those in favour of this motion say aye. And those opposed?

Agreed.

Does clause 3, Capital, with that stipulation carry?

Carried.

Does clause 4 carry?

Carried.

Does clause 5 carry?

Carried.

Clause 6, Powers of company.

6. The Company, subject to the provisions of any general legislation relating to pipe lines for the transportation of oil or any liquid product or by-product thereof which is enacted by Parliament, may

- (a) within or outside Canada construct, purchase, lease, or otherwise acquire, and hold, develop, operate, maintain, control, lease, mortgage, create liens upon, sell, convey, or otherwise dispose of and turn to account any and all interprovincial and/or international pipe lines, for the transportation of oil including pumping stations, terminals, storage tanks or reservoirs and all works relative thereto for use in connection with the said pipe lines; and own, lease, sell, operate and maintain aircraft and aerodromes for the purpose of its undertaking, together with the facilities required for the operation of such aircraft and aerodromes; and own, lease, operate and maintain interstation telephone, teletype and telegraph communication systems and, subject to *The Radio Act, 1938*, and any other statute relating to radio, own, lease, operate and maintain interstation radio communication facilities;
- (b) purchase, hold, lease, sell, improve, exchange or otherwise deal in real property or any interest and rights therein legal or equitable or otherwise howsoever and deal with any portion of the lands and property so acquired, and may subdivide the same into building lots and generally lay the same out into lots, streets and building sites for residential purposes or otherwise and may construct streets thereon and necessary sewerage and drainage systems and build upon the same for residential purposes or otherwise and supply any buildings so erected, or other buildings erected upon such lands, with electric light, heat, gas, water or other requisites, and lease or sell the same, upon such terms and subject to such conditions as appear requisite, either to its employees or to others; and
- (c) exercise as ancillary and incidental to the purposes or objects as set forth in this Act, the powers following, unless such powers or any of them are expressly excluded by this Act, namely, the powers set forth in paragraphs (a) to (bb) inclusive of subsection one of section fourteen of *The Companies Act, 1934*.

Mr. FULTON: I move, seconded by Mr. Herridge; "That paragraph (a) of section 6 of this bill be amended by inserting after the words 'pipe lines' in the ninth line thereof the following: 'provided that the main pipe line or lines for the transmission or transportation of oil shall be located entirely within Canada'".

The CHAIRMAN: Gentlemen, you have heard the motion. Oh. Mr. Robinson, we cut you off some time ago. Do you wish to discuss the matter?

Mr. ROBINSON: No, Mr. Chairman, but perhaps the mover of the amendment might give us his reasons for moving it.

Mr. FULTON: Mr. Chairman, we have discussed at great length in the House the question of the principle of securing that this line would be built within Canada, so this is an amendment accordingly. Similar amendments were moved in the committee last year and my recollection is that they were rejected at that

time. Then again, this year in connection with another of these applications for incorporation before the committee an amendment was moved and was accepted unanimously.

I think this company has indicated that it is prepared to accept a similar amendment, in fact would welcome it, as we were told this morning. And although it is true that the map of their proposed route shows that the line is located entirely within Canada, nevertheless I think it important that this principle be incorporated in the bill. My seconder, Mr. Herridge, and I think that the principle should be inserted and incorporated in the bill so that parliament and the country as a whole will have the assurance that this company will be bound to construct its line in Canada. In fact they will be compelled to do so, even if they might want to make a change and went before the Board of Transport Commissioners to seek approval for some other route. I refer now to line 9, in clause 6 paragraph (a), which in fact is line 25 of the draft bill before us.

The CHAIRMAN: I would ask the clerk to read the amendment which Mr. Fulton and Mr. Herridge have provided.

The CLERK:

Moved by Mr. Fulton: that paragraph (a) of section 6 of this bill be amended by inserting after the words 'pipe lines' in the ninth line thereof the following:—"provided that the main pipe line or lines for the transmission or transportation of oil shall be located entirely within Canada."

Mr. MURRAY: According to the map, the main pipe line would be in Canada until it got to Abbotsford which is right on the American boundary. So I do not think the amendment would be of very much value. But if Mr. Fulton would consider amending at that point: "provided that the main pipe line or lines pass through the Yellowhead Pass", I think that would protect us amply.

The CHAIRMAN: My good friend the engineer here says the line is really north of the border. So you would not need to worry on that point.

Mr. MURRAY: But the line has not been surveyed fully.

The CHAIRMAN: That is right.

Mr. MURRAY: Under the amendment we are delivering to the main line south of Abbotsford, practically at the United States border, and while the suggestion is that we are to have everything within Canada, yet we would then have a pipe line within Canada that was delivering oil to the United States without any thought of Vancouver.

Mr. WEAVER: With respect to this amendment, I think it is a very minor point. It seems a small matter, but does it not purport to deal with something which is not within the power of the committee, but rather with something that parliament itself should decide? However, in spite of the fact the company is willing to accept the amendment, I would like to record myself as being against it.

Mr. FULTON: Mr. Chairman, similar amendments were moved last year to the bills then before the committee, yet the question was not ruled out of order on the ground which is now raised by Mr. Weaver. It was moved on Thursday, March 8, 1951, in this same committee in connection with the Trans Canada Pipe Line application for incorporation and it was accepted unanimously by the committee. Moreover the bill has been before the House for third reading and the amendment was approved, and the amendment has been passed.

The CHAIRMAN: The amendment is quite in order. Do you want to have it changed in any way?

Mr. MURRAY: We are dealing with entirely different geographical factors. These other pipe lines were proposed across the Rocky Mountains at other points, and the one with respect to which the amendment was inserted dealt with a pipe line that had nothing to do with the Rocky Mountains. It went east of Montreal, over the prairie provinces and Ontario.

The CHAIRMAN: Do you take the stand that the amendment does not prove to be satisfactory?

Mr. MURRAY: I think it places us in the position of permitting them to export the whole of production at Sumas, below Abbotsford.

The CHAIRMAN: Do you wish to propose an amendment to the amendment?

Mr. MURRAY: The amendment to the amendment would be—"provided that the main pipe line or lines are located through the Yellow Head Pass."

The CHAIRMAN: Would that be agreeable?

Mr. FULTON: It certainly would not.

Mr. APPLEWHAITE: It does not have any better effect and, if amendments are going to be introduced, I think that as far as possible, as a matter of good practice, they should be standard.

Mr. FULTON: May I point out in this connection that, while I appreciate Mr. Murray's point, I do not think it would have the effect he wishes, because Abbotsford is nine miles from the border. He says that he wants an amendment which will make it impossible to defeat the original intention, that will make it impossible for them to have the line run down to the States at that point. May I say that an amendment having the line go through the Yellowhead Pass does not achieve that end, because, at any point after the Yellowhead Pass, they would be free to go through the States. However, the present amendment calls for the line to be located entirely within Canada.

Mr. MURRAY: They would have a merry time of it.

The CHAIRMAN: It is very difficult, gentlemen, for this committee to say just where the line will go in detail. We are dealing with the principle and reporting the bill to the House. If your suggestion goes through, Mr. Murray, another member may want the line to go through some other point, and we will get into endless details, don't you think?

Mr. MURRAY: Well, you can easily amend it and say that the entire line—

Mr. FULTON: It says: "the main pipe line or lines for the transmission or transportation of oil shall be located—"

The CHAIRMAN: Would you be willing to use the word "entire"?

Mr. FULTON: You would have the word "entire" in twice. I think the amendment in the present form meets the point.

The CHAIRMAN: All we are trying to do is to make some progress. I do not think we are very far apart. The amendment is: "Provided that the main pipe line or lines for the transmission or transportation of oil shall be located entirely within Canada." I think that covers it.

All in favour?

Mr. ROBINSON: Before you put the question, Mr. Chairman, I would like to record a general objection to this amendment. I do not think that in its present wording it means a great deal, or protects the very things which the sponsor of the amendment has mentioned. In other words, I do not think the wording of this amendment gives the protection which he seems to feel it might give to the interests which he has mentioned.

Further than that I feel that under the over-all Pipe Lines Act, questions of this kind are within the jurisdiction of the Board of Transport Commissioners,

and that perhaps we, in parliament, having passed the over-all Pipe Lines Act in 1949, should leave questions of this kind to the body which we indicated in the Act should deal with them.

Further than that, I might point out that there have been incorporated several companies which have applications pending before the Board of Transport Commissioners. Those companies are not hampered, or helped possibly, by similar amendments, and I would just like to record that general objection to this particular amendment.

The CHAIRMAN: All in favour of the amendment?

Carried.

Shall clause 6 as amended carry?

Mr. FULTON: I would like to ask a general question with respect to clause 6(b). I realize that the company is not, at the moment, in a position to say exactly what its plans are, but can you tell us whether you visualize the owning of any properties or the setting up of any little accommodation centres for your men and so on? Is the purpose of clause 6(b) for both construction and maintenance of the line?

Mr. BRIDGES: Yes, we do not now contemplate any purchases of property other than in connection with the construction and operation of the line.

Mr. FULTON: I see you are giving yourself power to subdivide lands "into building lots, and generally lay the same out into lots, streets, and building sites for residential purposes—"

Mr. BRIDGES: That is copied from the other Pipe Lines Acts which have gone through.

The CHAIRMAN: Shall clause 6 as amended carry?

Carried.

Clause 7?

Carried.

Clause 8?

Carried.

Clause ?

Clause 9?

Carried.

Clause 10?

Carried.

Shall the title carry?

Carried.

Shall I report the bill as amended?

Carried.

There is nothing further before the Chair at this time, gentlemen.

Thank you.

